



# PUBLIC MEETING

## **Utah Committee of Consumer Services**

Utah Department of Commerce  
January 10, 2008



# Case Updates

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Michele Beck



## Case Updates

# Recent Orders

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- PSC re: Questar IRP
  - Incorporated many CCS recommendations for improvement
  - Opened new docket to consider updated filing guidelines
- PSC re: RMP Deferred Accounting
  - Denied Grid West and Severance requests (consistent with CCS position)
  - Allowed deferred accounting for Powerdale costs without resolving details
- Utah Supreme Court denied rehearing request in CO2 case



## Case Updates

### Other Recent Regulatory Activity

- CCS filed for rehearing in IRP
- Depreciation settlement details resolved; scheduled to be signed yet this week
- Both rate cases filed
  - Company overviews presented to the Committee today
  - Ongoing updates and policy recommendations at all future Committee meetings
  - Interim meetings may be necessary to resolve policy issues and stay within case schedules



## Case Updates

# Utah Legislature

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- Session begins January 21
- Filed bills include:
  - Carbon reduction initiative
  - Net metering (2)
  - Renewable energy standards
  - Solar energy income tax credit
  - Renewable energy zones
  - Recovery of costs for nuclear energy facilities
- Staff will monitor and participate consistent with past Committee directives, and bring new issues forward.



# Rocky Mountain Power General Rate Case Overview

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# Questar Gas Company General Rate Case Overview

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# Rocky Mountain Power Blue Sky Tariff

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Cheryl Murray





## RMP Blue Sky Tariff

# Background

- Blue Sky is a voluntary program for customers who want to support renewable energy.
  - Program has over 25,000 participants.
  - Blue Sky contributions are used to purchase Renewable Energy Credits & for “Qualifying Initiatives.”
  - Blue Sky is sold in 100-kilowatt-hour (kwh) increments called "blocks" for an additional fixed cost of \$1.95 per block per month.



RMP Blue Sky Tariff

## Recent Regulatory Activity

- Task force reviewed program changes.
  - Major issues:
    1. Financial support awarded for qualifying initiatives
    2. High overhead costs
- RMP filed an Annual Report as required by the Public Service Commission.
  - Prior to filing modification were made to address some CCS suggestions



RMP Blue Sky Tariff

## CCS Staff Concerns

- Lack of transparency in the program fosters misperceptions.
- Unusually high overhead costs
- Inadequate oversight of projects chosen as qualifying initiatives

**Since our constituents are all potential Blue Sky participants, it is important to ensure that the rate is just and reasonable and that customers have access to correct information about the program.**



RMP Blue Sky Tariff

## Staff's Policy Proposal

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- Advocate for more transparency.
  - Annual Report should be easily available to wider audience
  - Screening of marketing materials for accuracy
- Advocate oversight of projects and lower administrative costs
- Advocate that the Commission and stakeholders consider whether the program should be split into options to make purpose more clear to subscribers.



RMP Blue Sky Tariff

## Next Steps

- January 15 – meeting with RMP to discuss program
- January 24 – submit memo with recommendations to PSC



## RMP Blue Sky Tariff

Questions or Concerns?



# WECC 2007 Power Supply Assessment (available at [www.wecc.biz](http://www.wecc.biz))

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Nancy Kelly



## WECC Power Supply Assessment

# Overview

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1. What is the Power Supply Assessment?
2. Why is it important?
3. Current Outlook
4. Significance to Utah Customers





## WECC Power Supply Assessment

# Power Supply Assessment

- Annual capacity assessment conducted by Western Electricity Coordinating Council (WECC)
- Evaluates the adequacy of existing and planned resources to meet forecast peak demand for the western interconnection.
- Current assessment approved by WECC Board of Directors in December 2007.
- Covers the forecast period 2008-2016.



## WECC Power Supply Assessment

# Power Supply Assessment

- Generation adequacy is reported for seven subregions: Canada, Northwest, Basin, Rockies, Desert Southwest, Northern California, Southern California/Mexico.
- PacifiCorp has loads and resources in three of the seven subregions: Northwest, Basin, and Rockies.
- Utah is located in the Basin subregion.



## WECC Power Supply Assessment

# Background Leading to the PSA

- Western Crisis of 2000-2001
  - Tight generation supplies
  - Generation withholding and market manipulation
- Contributors to Crisis
  - California market rules
  - Low water year
  - Many utilities planned to use the short-term market to meet growing load rather than building. **This resulted in multiple counting of the same MW of market generation.**



## WECC Power Supply Assessment

# Background and Significance of PSA

- The crisis exposed a need to accurately “count the beans”
- WECC formed in April 2002
- WECC Board of Directors tasked the Planning and Coordination Committee (PCC) with developing an accurate assessment of generation adequacy while accounting for transmission limitations.



## WECC Power Supply Assessment

# Important Uses of the PSA

- Alerts policy makers of potential shortages
- Signals need for investment
- Signals potential market depth or lack of liquidity for use in utility planning

## WECC Power Supply Assessment

# PSA Modeling

- PSA uses an economic dispatch model
  - Loads and resources are divided into 26 zones
  - Transmission capacities between zones are modeled
- The output of the model is a capacity margin referred to as the Power Supply Margin
  - The power supply margin measures the extent by which generation exceeds (falls short) peak demand plus a reserve to cover contingencies after accounting for imports and exports.

## WECC Power Supply Assessment

# PSA Assumptions

- Peak load forecasts reflect one in ten weather (10% chance that temperatures will be exceeded).
  - Summer peak forecast is for July
  - Winter peak forecast is for December
- Hydro generation forecast
  - Calculated for a one hour peak
  - Derated to reflect adverse water conditions (85th percentile)
- Two categories of planned resource additions
  - Under construction and projected to be online by January 2011
  - Under regulatory review and projected to be online by January 2013



## WECC Power Supply Assessment

# 2007 PSA Results: Summer Case 1

- Canada: Surplus through 2016
- Northwest: Surplus through 2016
- Basin: deficit appears 2011
- Rockies: deficit appears 2009
- Desert Southwest: deficit appears 2009
- No. CA: deficit appears 2009
- So. CA/Mexico: deficit appears 2009

\*Includes generation under construction and projected to be online before January of 2011.





## WECC Power Supply Assessment

# 2007 PSA Results: Summer Case 2

- Canada: Surplus through 2016
- Northwest: Surplus through 2016
- Basin: deficit appears 2012
- Rockies: deficit appears 2011
- Desert Southwest: deficit appears 2010
- No. CA: deficit appears 2013
- So. CA/Mexico: deficit appears 2011

\*Includes generation under construction and projected to be online before January of 2011 plus generation in regulatory review projected to be online before January of 2013.



## WECC Power Supply Assessment

# **2007 PSA Results: Winter Case 1**

- Canada: Deficit 2008 through 2016
- Northwest: Surplus through 2016
- Basin: Balanced 2009--2016
- Rockies: Surplus through 2016
- Desert Southwest: Surplus through 2016
- No. CA: Surplus through 2016
- So. CA/Mexico: Surplus through 2016

\*Includes generation under construction and projected to be online before January of 2011.

## WECC Power Supply Assessment

# 2007 PSA Results: Winter Case 2

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\*Includes generation under construction and projected to be online before January of 2011 plus generation in regulatory review projected to be online before January of 2013.

## WECC Power Supply Assessment

### 2007 PSA Caveats

- Northwest and Canadian surpluses are considered unrealistically large.
- A large amount of new generation reported as under regulatory review by the CAISO may not get built.
- Since the data was collected, some planned generation has been delayed or cancelled, and the Palo Verde Devers II line did not receive regulatory approval.

**These caveats suggest that the PSA results may be optimistic.**



## WECC Power Supply Assessment

# Conclusions

PSA: In the near future a number of subregions in the western interconnection need resources in excess of those already under construction or in regulatory review.

Personal Observation: If resources are not approved and built, shortages are possible and price spikes likely.

## WECC Power Supply Assessment

# Implications for Utah Customers

**It is important to verify the extent to which market energy is available, since PacifiCorp relies on short term purchases in its long term planning.**

- PacifiCorp's resource plan includes an average of 500 MW of short-term market purchases per year to meet its firm load obligation over the planning horizon.
- PacifiCorp's market exposure could be even greater due to other factors:
  - CCS IRP analysis suggests that PacifiCorp may be underestimating its real need.
  - Several planned PacifiCorp resources are in question.

## WECC Power Supply Assessment

# Implications for Utah Customers

**It is important to monitor issues that could impact western market prices (including scarcity) since those prices could raise Utah rates.**

- Other utilities appear to be planning to use the short-term market to meet at least some of their load growth, which effectively lowers the available planning supply margin below what is reported.
  - For example Seattle City Light is planning to meet its growing load obligation with DSM and wind.
  - What will it do if the expected DSM does not fully materialize or the wind does not blow on peak?

## WECC Power Supply Assessment

# Implications for Utah Customers

**It is important to recognize signs from the last western market crisis to protect Utah customers from the costs that would be associated if a market crisis reappeared.**

- Current uncertainty regarding climate change is delaying resource additions and encouraging over reliance on the short-term market in a manner similar to the last western crisis.
- Once again, many utilities are relying on the short term market in their planning, which likely results in *current* multiple counting of the same MW of market energy.
- Is it possible for PacifiCorp to manage these market risks, without building to meet all of its future needs?





# Other Business/Adjourn

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